

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 14 – SB 1403

March 2, 2011

SUMMARY OF BILL: Increases high school academic requirements for initial receipt of the Hope Scholarship. Beginning in academic year 2012-13, requires students in traditional Tennessee schools to achieve a 3.0 grade-point average and a 21 on the ACT or a 980 on the SAT. Requires home-schooled students, GED recipients, graduates from ineligible high schools, and students from schools in a contiguous county in a neighboring state to achieve a 23 on the ACT or a 1070 on the SAT.

ESTIMATED FISCAL IMPACT:

**Decrease State Expenditures - \$41,336,300/FY12-13/Lottery for Education Account
\$57,651,100/FY13-14 and Subsequent Years/
Lottery for Education Account**

Assumptions:

- According to the Tennessee Student Assistance Corporation (TSAC), the number of Hope Scholarship recipients will be reduced by 10,585 in FY12-13.
- Based on data provided by TSAC, the weighted-average award provided under current law to each student affected by this bill is \$3,856 per academic year. This weighted-average award takes into account the number of students receiving an award, partial awards for students who would attend qualified two-year institutions, and supplemental awards such as the ASPIRE award. State expenditures from the Lottery for Education Account for FY12-13 will decrease by \$40,815,760 (10,585 x \$3,856).
- An additional 10,585 high school graduates will not qualify for the Hope Scholarship in the second year (FY13-14) as a result of higher standards.
- Based on data provided by TSAC, 4,165 of the 10,585 students who fail to qualify for the Hope Scholarship in the first year (FY12-13) would have retained their scholarships in the second year (FY13-14) under current law. These second-year awards will not occur. State expenditures from the Lottery for Education Account for FY13-14 and subsequent years, will decrease \$56,876,000 [(10,585 x \$3,856) + (4,165 x \$3,856)].
- Based on data provided by TSAC, 135 home-schooled students will not qualify for the Hope Scholarship in the first year (FY12-13). State expenditures from the Lottery for Education Account for FY12-13 will decrease \$520,560 (135 x \$3,856).
- An additional 135 home-schooled students will not qualify for the Hope Scholarship in the second year (FY13-14).

- Based on data provided by TSAC, 66 of the 135 home-schooled students who failed to qualify for the Hope Scholarship in the first year (FY12-13) would have retained their scholarship awards in the second year (FY13-14). These second-year awards will not be paid. The decrease in state expenditures from the Lottery for Education Account for FY13-14 as a result of home-schooled students being required to achieve either a 23 on the ACT, or a 1070 on the SAT, will be \$775,056 $[(135 \times \$3,856) + (66 \times \$3,856)]$.
- The total decrease in state expenditures from the Lottery for Education Account for FY12-13 will be \$41,336,320 $(\$40,815,760 + \$520,560)$.
- The total decrease in state expenditures from the Lottery for Education Account for FY13-14 and subsequent years will be \$57,651,056 $(\$56,876,000 + \$775,056)$.
- According to TSAC, the number of GED recipients, students graduating from ineligible high schools, and high schools located in contiguous counties is not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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